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FILE ONLY

CIA TRYING TO KEEP CLEAN, FINDS ITSELF INVOLVED IN ARMS FRAY
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WASHINGTON

The CIA, trying to keep from being muddled by the Iranian arms affair, finds itself embroiled in the fray as recriminations and revelations fly in Congress.

The agency was involved in some aspects of the convoluted transactions, however, and CIA Director William Casey has become involved in a dispute with a prominent Republican senator, Richard Lugar of Indiana, who urged his resignation as part of a general "house cleaning" in the Reagan administration.

The agency, in an unusual public statement on Dec. 3, acknowledged that its Swiss bank account was used to channel \$12 million from the Iran arms sales back to the Pentagon. But the CIA denied any role in sending \$10 million to \$30 million from the sales to help U.S.-backed Nicaraguan rebels "or any other covert action programs." Casey, appearing before a house panel Monday, also sought to dispel worries that the money appropriated by Congress to aid guerrilla movements in Afghanistan and Angola went to Contra rebels fighting Nicaragua's leftist government.

While many on Capitol Hill appeared to believe that the CIA will come out clean, questions remain about the roles of two former agency officials in the Iran and Nicaraguan connections. Thomas Clines, a former senior agency official, is named in a suit accusing a group of Americans of illegally supplying the Nicaraguan rebels. And George Cave, a onetime CIA expert on Iran, helped open a channel to Tehran, according to published reports.

A freight company with direct ties to the CIA did play a role in the transfer of arms from Israel to Iran in November 1985, but that was the result of a deception by Lt. Col. Oliver North, according to congressional and agency sources. North was fired from his White House job on Nov. 25 for what Attorney General Edwin Meese II said was a pivotal role in the Iran and Nicaraguan connections.

Sen. Dave Durenberger, R-Minn., chairman of the Senate Intelligence Committee, said on Nov. 26 that Casey told the panel that the agency was tricked into believing the shipment consisted of oil drill bits.

A CIA source, speaking on condition of anonymity, said agency officials discovered the ruse two days later and became furious.

An angry reaction by CIA deputy director John McMahon, who left the agency in March, helped persuade President Reagan to sign a still classified "finding" last Jan. 17 partially lifting the arms embargo against Iran and authorizing government officials not to inform Congress of the clandestine operation.

Casey told the Senate Intelligence Committee last month that McMahon has approved the November shipment, but later corrected himself, said an agency source.

"Neither Casey nor McMahon approved the CIA involvement," said the source.

Although Casey has already made his case before one Senate committee and another in the House, he was also slated to appear in a closed session of the House Foreign Affairs Committee today, and can expect similar questions from other congressional panels, as well as from a special prosecutor and possibly the FBI, according to agency officials.

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Casey's testimony remains classified, although some leaks have appeared in the press. But his row with Lugar, outgoing chairman of the Senate Foreign Relations Committee, has become very public.

Lugar, urging a purge in the White House, says Reagan "has to have a new chief of staff, a new director of the CIA, before he can progress." "The staff has not served the president well and needs to go, at least those elements that have been involved in any way with those operations," Lugar said.

Casey responded that Lugar had "been reckless in charging or implying illegalities or improprieties in CIA support to the president's Iranian initiative.

"These charges are irresponsible and false. I am deeply disappointed that a U.S. senator of Dick Lugar's stature and reputation has seen fit to rush to judgment without the benefit of the information which I and other CIA officers are making available to our oversight committees," Casey told the House defense appropriations subcommittee behind closed doors Monday.

Casey told the subcommittee that the Iran and Nicaraguan connections did not extend to Afghanistan, said committee member Rep. Charles Wilson, D-Texas, at a news conference Tuesday.

Wilson said he "was absolutely, 100 percent convinced that there was no money that was intended for Afghanistan that went to the Contras," "All \$500 million - if it was \$500 million - all the money appropriated by the United States and other countries" is helping the Afghans, Wilson said. Although the exact amount of U.S. aid is a secret, The Washington Post has reported that the United States and Saudi Arabia each gave \$250 million last year to help the Afghans.

The CIA has bank statements, canceled checks and purchase orders to account for all of the money, Wilson said.

The Afghan money, however, had been mingled with proceeds from the arms sale through a clerical error by someone at the CIA, Wilson said.